

Explanations in CFA, 1982

- 1) Section 2 (b).** A transaction is not a chit, if in such transaction
- a) some alone, but not all, of the subscribers get the prize amount without any liability to pay future subscriptions
 - b) all the subscribers get the chit amount by turns with a liability to pay future subscriptions
- 2) Section 6(1) (g).** Shall be sufficient if the signature of each subscriber is obtained in separate copies of the chit agreement.
- 3) Section 13 (3).** Net Owned Fund means the aggregate of the paid up capital and free reserves as disclosed in the last audited balance sheet of the company or co-operative society, reduced by the amount of accumulated balance of loss, deferred revenue expenditure and other intangible assets in that balance sheet.
- Net Owned Fund= (Paid up capital + Free reserves) -**
(Loss + Deferred revenue expenditure + Intangible assets)
- 4) Section 21 (e).** A security is sufficient if its value exceeds by one third, or in the case of immovable properties, the value exceeds by one half of the amount due from a prized subscriber.
- 5) Section 38(4).** For the purpose of sections 38 and 39, Special resolution means a resolution which is passed at a meeting of the general body of the subscribers specially convened for the purpose by a majority of not less than two-thirds of the subscribers to the chit present at the meeting in person or by proxy and representing not less than three-fourths of the non-prized and unpaid prized subscribers.
- 6) Section 48 (i).** If the foreman is unable to pay the amounts due to the subscribers, the Registrar shall take into account his contingent and future liabilities in respect of that chit.
- 7) Section 49 (b).** A subscriber of a fraction of a ticket shall be deemed to be a subscriber only to the extent of such fraction.
- 8) Section 64 (1).** A dispute touching the management of a chit business shall include
- a) A claim by or against a foreman for any debt or demand due to him from a subscriber or due from him to a subscriber, past subscriber, or the nominee, heir or legal representative of a deceased subscriber.
 - b) A claim by a surety for any sum or demand due to him from the principal borrower in respect of a loan or by a foreman recovered from the surety due to the default of the principal borrower.
 - c) A refusal or failure by a subscriber, past subscriber or the nominee, heir or legal representative of a deceased subscriber to deliver possession to a foreman of land or any other asset consumed by him for breach of conditions of the assignment.
- 9) Section 79(2).** a) A Company means any body corporate and includes a firm or other association of individuals
b) Director means a partner in the firm
- 10) Section 86(2).** Bank means an Approved bank or a Co-operative bank defined in section 2 of the Reserve Bank of India Act, 1934 (Act 2 of 1934)